

PREFILED DIRECT TESTIMONY

OF

DAVID G. BEBYN, CPA

FOR

PAWTUCKET WATER SUPPLY BOARD

RHODE PUBLIC UTILITIES COMMISSION

DOCKET NO.

APRIL, 2010

1 **Q. Please state your name and business address for the record.**

2 A. My name is David G. Bebyn CPA and my business address is 21 Dryden Lane,
3 Providence, Rhode Island 02904.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Vice President of B&E Consulting LLC. (B&E). B&E is a CPA firm that
7 specializes in utility regulation, expert rate and accounting testimony, school budget reviews
8 and accounting services.

9
10 **Q. Mr. Bebyn, have you testified as an expert accounting witness prior to this docket?**

11 A. Yes. I have provided testimony on rate related matters before utility commissions in
12 Rhode Island and Connecticut. Regarding the Rhode Island Public Utilities Commission, I
13 have prepared testimony and testified in the Pawtucket Water Supply Board's (PWSB) last
14 four rate filing Dockets #3378, #3497, #3674 & #3945 in support of the adjusted test year. I
15 also prepared testimony and testified in the Providence Water Supply Board's last rate filing
16 Docket #3832 and Woonsocket Water Department's last rate filing Docket #3800 in support
17 of the adjusted test year. In addition, I prepared testimony and testified on behalf of the Block
18 Island Power Company in #3900 for the adjusted test year and working capital allowance.

19
20 **Q. What is your educational background?**

21 A. I received my Bachelors of Science Degree in Accounting (BSA) from Rhode Island
22 College. I became a Certified Public Accountant in 2000 after successfully passing the CPA
23 exam.

24
25 **Q. What is the purpose of your testimony?**

26 A. B&E was engaged by PWSB to provide testimony in support of its rate request. My
27 testimony includes a presentation of the normalized adjusted test year (July 1, 2008 - June 30,
28 2009).

29
30 **Q. Does that conclude your introduction?**

31 A. Yes.

TEST YEAR (June 30, 2009)

Q. Mr. Bebyn, was the test year audited?

A. Yes. Pawtucket Water maintains its books and records on a fiscal year basis ending June 30th of each year. The fiscal year ending June 30, 2009 was audited by Parmelee, Poirier and Associates, LLP.

Q. What adjustments did you make to convert the June 30, 2009 Generally Accepted Accounting Principles (GAAP) basis financial statements to arrive at a normalized “rate basis” test year?

A. I made twenty one adjustments to the audited test year prepared on a GAAP basis in order to present the test year on a normalized “rate making basis” as follows:

A. Adjusted the metered sales revenue to reflect a full year of the increased rate allowed in the last rate filing calculated with the maintained test year levels on residential, commercial and industrial consumption. (See DGB-3 & DGB-3A).

B. Adjusted the sales for resale revenue to reflect a full year of the increased rate allowed in the last rate filing calculated with the maintained test year levels on sales for resale consumption. (See DGB-4).

C. This is a net adjustment. The public fire service and private fire service count was adjusted to reflect the number of services and hydrants at June 30, 2009. Next, I calculated the public fire service and private fire service revenue amount to reflect a full year of the increased rate allowed in the last rate filing. (See DGB-5).

D. Penalty revenue was set at the 4 year average to normalize the account to better reflect the normal level of revenue. The Service Installation account maintained test year levels due a precipitous drop in revenues which appears to coincide bursting of the housing bubble. These Service Installation revenues have not returned to the pre June 2008 levels during the interim year. (See DGB-6)

E. Removed non-recurring miscellaneous revenue. The \$70,497 of miscellaneous revenue represents fees received in the land acquisition fund and is not available to pay for

1 normal operations. Any related expenditures for land acquisition are capitalized and not
2 charged to operations.

3 F. This is a net adjustment. The customer service count was adjusted to reflect the number
4 of services at June 30, 2009. Next, I calculated the customer service revenue amount to
5 reflect a full year of the increased rate allowed in the last rate filing. (See DGB-7).

6 G. Removed interest income earned on monies held in the restricted accounts required by
7 the Rhode Island Public Utilities Commission (RIPUC) and Rhode Island Clean Water
8 Finance Agency (RICWFA). The restricted accounts required by the RIPUC cover IFR,
9 Debt service and O&M reserve reserve. The restricted accounts required by the
10 RICWFA cover the residual project monies transferred from the closeout of the PBA
11 and monies restricted by bond covenants for the PBA defeasance and water treatment
12 plant financing.

13 H. Grant revenue is related to grant mandated expenditures and is not available to pay for
14 normal operations. Therefore, I have removed all of the grant revenues from the
15 GAAP basis financial statements. Since the grant revenues were earmarked for capital
16 purchases, the unadjusted test year did not include any expenses paid for by these
17 grants.

18 I. Adjusted the state surcharge revenue levels to reflect test year consumption per DGB-3.
19 The small meter size consumption was reduced to reflect elderly consumption exempt
20 from the state surcharge (See DGB-8).

21 J. Remove non-recurring expenses. The \$3,460 and \$13,127 adjustment to remove lab
22 testing expense was due to a one time testing during calendar year 2008. The \$34,017
23 increase in administration miscellaneous expense was to remove a non-recurring net
24 credit posted to this account as the results reconciling the old pace billing software with
25 the new system.

26 K. Added the capitalized labor for T&D, engineering and Meter departments to the test
27 year, once again because PWSB is regulated on a cash basis.

28 L. Removed expenses related to the acquisition funded by revenues already removed from
29 rates.

- 1 M. Removed all depreciation expense from the test year because PWSB is regulated on a
2 cash basis.
- 3 N. Removed all amortization expense from the test year because PWSB is regulated on a
4 cash basis.
- 5 O. Increased the IFR expenditure to reflect the level granted and require to be restricted in
6 the last rate filing. This adjusted balance includes road surface restoration expenditures
7 which I moved from T&D expenses to this account. Capitalized labor in the last filing
8 was included in base salaries. Engineering salary for Project Manager was already
9 charged to this account.
- 10 P. Increased the bond and capitalized lease interest expenditure (net of expenditures
11 already listed in and administration section) to reflect the level granted and required to
12 be restricted in the last rate filing docket #3945. (See DGB-8).
- 13 Q. Added back to the test year bond and capitalized lease principal payments made in the
14 test year. (See DGB-8).
- 15

16 **Q. Mr. Bebyn why did you not average retail consumption in order to normalize the**
17 **test year retail revenue?**

18 A. In the last docket (Docket #3945) the PWSB has agreed with the approach of at a
19 minimum averaging at least the residential and commercial consumption. The industrial
20 consumption was maintained at test year levels. This method was used since it appeared that
21 the interim year FY 2008 consumption was improving. Subsequent to docket, fiscal year
22 2009 further dropped and the first quarter of fiscal year 2010 is at an all time low.
23 Furthermore, my review of retail consumption on schedule DGB-3A demonstrates that there
24 appears to be clear downward trend for all retail consumption.

25

26 **Q. Mr. Bebyn why did you not average sales for resale consumption in order to**
27 **normalize the test year sales for resale revenue?**

28 A. A review of sales for resale consumption demonstrates that there is no clear trend, either
29 upward or downward for sales for resale consumption. These sales reflect the Town of
30 Cumberland's water purchases which they purchase to supplement their water production.

1 Upward spikes in consumption may not reflect water demand to cover increase consumption
2 from Cumberland ratepayers to the Cumberland Water Department. There have been times
3 where Cumberland increased it's consumption to cover drops in it's own production due to
4 factors such as low reservoir levels, rehabilitation of it production facility or declines in its
5 own sales. Given that water consumption statewide has declined, I believe that averaging this
6 consumption would overstate the test year level.

7
8 **Q. Mr. Bebyn, in your professional opinion does your adjusted test year present a**
9 **proper normalized test year?**

10 A. Yes, I believe that the adjusted, normalized test year that I have prepared for this filing
11 (DGB-1) fairly presents the operations of PWSB in a normal year on a ratemaking basis at
12 currently approved rates.

13
14 **Q. Did you complete any other reviews to prepare your test year adjustments?**

15 A. Yes, I did. I prepared a four-year analysis of the actual (audited) revenue and expenses
16 for the years 2006, 2007, 2008 & 2009 (See DGB-2). Major variances were investigated to
17 determine if an adjustment was needed. If so, I discussed these items with Mr. Benson and
18 Mr. Woodcock to decide if it required a test year or rate year adjustment.

19
20 **Q. Does that conclude your testimony?**

21 A. Yes.

ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/09	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
REVENUE				
	Meter Sales	\$ 11,617,244	(A) 895,738	\$ 12,512,982
	Sales for Resale	1,415,766	(B) 83,583	1,499,348
	Public Fire Protection	926,873	(C) (280,028)	646,846
	Private Fire Protection	451,192	(C) (71,560)	379,631
	Penalties Water Account	168,522	(D) (64,107)	104,415
	Service Installation & Service Fees	67,479	(D) -	67,479
	Other Financing	-		-
	Customer Service Charge	1,977,502	(F) (66,360)	1,911,142
	Misc. Revenue	70,497	(E) (70,497)	-
	Gain (Loss) Disposal Property	987		987
	Non-Operating Rental Income	22,065		22,065
	Interest Income	253		253
	Interest Inc,- Restricted	607,490	(G) (607,490)	-
	Grant Revenue	586,935	(H) (586,935)	-
	Land Acquisition-WRB grant	-	(H) -	-
	State Surcharge .01/100 Gallons	79,996	(I) (29,394)	50,602
	Misc. Non Operating Revenue	231,537		231,537
	Earth Tech Reimb Revenue	-		-
	TOTAL REVENUE	\$ 18,224,337	\$ (797,050)	\$ 17,427,287

ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/09	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
EXPENSES				
<i>Source of Supply Expenses</i>				
	Salaries & Wages - (601)	\$ 119,412	\$ -	\$ 119,412
	Salaries & Wages - Payroll Taxes	13,001	-	13,001
	Employee Pensions & Benefits (604)	41,938	-	41,938
	Purchased Power (Account 615)	24,682	-	24,682
	Materials and Supplies (Account 620)	2,328	-	2,328
	Transportation Expenses (Account 650)	3,960	-	3,960
	Miscellaneous Expense (Account 675)	706	-	706
	Security Service	80,815	-	80,815
	Education Training	512	-	512
	Maint of Misc Plant	73,043	-	73,043
	Lab Testing	3,460	(J) (3,460)	-
	Other Utilities	2,438	-	2,438
	<i>Total Source of Supply Expenses</i>	366,295	(3,460)	362,835
<i>Purification Expenses</i>				
	Salaries & Wages - (601)	-	-	-
	Salaries & Wages - Payroll Taxes	-	-	-
	Purchased Power (Account 615)	1,299,586		1,299,586
	Chemicals (Account 618)	-	-	-
	Miscellaneous Expense (Account 675)	-	-	-
	Education Training	-	-	-
	Maint of Structures	-	-	-
	Maint of Collection Reservoirs	-	-	-
	Maint of Misc Plant	-	-	-
	Op & Maint DBO	1,401,732	-	1,401,732
	Other Utilities	8,172		8,172
	Lab Testing	-	-	-
	<i>Total Purification Expenses</i>	2,709,491	-	2,709,491
<i>Transmission & Distribution Expenses</i>				
	Salaries & Wages - (601)	773,648	(K) 140,084	913,732
	Salaries & Wages - [Engineering] (601)	208,664	(K) 137,371	346,035
	Salaries & Wages - Payroll Taxes -	66,292	-	66,292
	Salaries & Wages - Payroll Taxes - [Engineering]	28,572	-	28,572
	Salaries & Wages - Police Details	44,220	-	44,220
	Employee Pensions & Benefits - (604)	363,438	-	363,438
	Employee Pensions & Benefits - [Engineering] (604)	118,824	-	118,824
	Materials and Supplies - (Account 620)	36,005	-	36,005
	Materials and Supplies - [Engineering] (Account 620)	17,196	-	17,196
	Rental of Equipment (Account 642)	2,766	-	2,766
	Rental of Equipment - [Engineering] (Account 642)	680	-	680
	Transportation Expenses - (Account 650)	36,695	-	36,695
	Transportation Expenses - [Engineering] (Account 650)	8,090	-	8,090
	Workers Compensation	91,583		91,583
	Workers Compensation - [Engineering]	782		782
	Miscellaneous Expense - (Account 675)	10,239	-	10,239
	Miscellaneous Expense - [Engineering] (Account 675)	390	-	390
	Education Training	1,698	-	1,698

ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/09	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<i>Transmission & Distribution Expenses (Continued)</i>				
	Education Training - [Engineering]	602	-	602
	Repairs & Maintenance - general	3,180	-	3,180
	Repairs & Maintenance - transmission/dist	15,227	-	15,227
	Repairs & Maintenance - fire services	2,429	-	2,429
	Repairs & Maintenance - services	11,723	-	11,723
	Repairs & Maintenance - Hydrants	8,428	-	8,428
	Road surface restoration	4,325	(O) (4,325)	-
	Repairs & Maintenance - general	-	-	-
	Other Utilities	32,307	-	32,307
	Other Utilities - [Engineering]	6,378	-	6,378
	Lab Testing	13,127	(J) (13,127)	-
	Printing	-	-	-
	Postage--[Engineering]	750	-	750
	<i>Total Transmission & Distribution Expenses</i>	1,908,257	260,004	2,168,261
				-
<i>Customer Account Expenses</i>				
	Salaries & Wages - [customer service] (601)	166,842	-	166,842
	Salaries & Wages -[meter] (601)	286,657	(K) 96,979	383,635
	Salaries & Wages - Payroll Taxes - [Customer Service]	12,456	-	12,456
	Salaries & Wages - Payroll Taxes - [Meter]	29,310	-	29,310
	Employee Pensions & Benefits - [Cust. Svc.] (604)	53,516	-	53,516
	Employee Pensions & Benefits - [Meter] (604)	175,506	-	175,506
	Materials and Supplies - [Cust. Svc.] (Account 620)	2,446	-	2,446
	Materials and Supplies - [Meter] (Account 620)	6,990	-	6,990
	Contractual Services - Other - [Cust. Svc.] (Account 635)	15,278	-	15,278
	Rental of Equipment (Account 642)	498		498
	Workers Compensation	1,040		1,040
	Transportation Expenses - [Cust svc.] (Account 650)	3,808	-	3,808
	Transportation Expenses - [Meter] (Account 650)	9,004	-	9,004
	Bad Debt Expense (Account 670)	6,885		6,885
	Miscellaneous Expense - [Cust. Svc.] (Account 675)	306		306
	Miscellaneous Expense - [Meter] (Account 675)	641	-	641
	Education Training - [Cust. Svc.]	2,029	-	2,029
	Education Training - [Meter]	590	-	590
	Repairs & Maintenance - general	89	-	89
	Repairs & Maintenance - meters	-	-	-
	Other Utilities - [Cust. Svc.]	2,479	-	2,479
	Other Utilities - [Meter]	4,491	-	4,491
	Printing - [Cust. Svc.]	21,141	-	21,141
	Printing - [Meter]	-	-	-
	Postage--[Cust. Svc.]	33,593	-	33,593
	<i>Total Customer Account Expenses</i>	835,594	96,979	932,573
				-
<i>Administrative Expenses</i>				
	Salaries & Wages - (601)	663,308	-	663,308
	Salaries & Wages - Payroll Taxes	46,207	-	46,207
	Employee Pensions & Benefits (604)	397,790	-	397,790
	Materials and Supplies (Account 620)	35,904	-	35,904
	Contractual Services - Legal (Account 633)	77,487	-	77,487
	Contractual Services - Mgt. Fees (634) City Chg	197,281	-	197,281
	Contractual Services - Other (Account 635)	216,268	(L) (208,002)	8,266

ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/09	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<i>Administrative Expenses (Continued)</i>				
	Rental of Equipment (Account 642)	7,128	-	7,128
	Transportation Expenses (Account 650)	15,749	-	15,749
	Insurance - General Liability (Account 657)	192,883	-	192,883
	Insurance - Worker's Compensation (658)	14,600	-	14,600
	Insurance - Other (Account 659)	14,740	-	14,740
	Regulatory Com Expense - Other (667)	52,222	-	52,222
	Reg Com Exp - Amort of Rate Case Exp (666)	177,737	-	177,737
	Miscellaneous Expense (Account 675)	4,303	(J) 34,017	38,319
	Other -pba fees	-	-	-
	Education Training	4,879	-	4,879
	Maint of Misc Plant	30,215	-	30,215
	Other Utilities	98,008	-	98,008
	Printing	9,140	-	9,140
	Postage	7,288	-	7,288
	<i>Total Administrative Expenses</i>	2,263,139	(173,985)	2,089,154
<i>Other Miscellaneous Expenses</i>				
	Depreciation expense	2,512,338	(M) (2,512,338)	-
	Amortization	342,511	(N) (342,511)	-
	Property taxes	796,171	-	796,171
	<i>Total Other Miscellaneous Expenses</i>	3,651,020	(2,854,849)	796,171
<i>Restricted Accounts</i>				
	Grant Expenditures - Consulting	-	-	-
	IFR Expenditures	42,071	(O) 3,057,929	3,100,000
	O&M Reserve	-	-	-
	Operating Revenue Allowance	-	-	-
	RIWRB Grant - Land Acquisition	-	-	-
	Earth Tech Reimb. - Consulting Expenditures	-	-	-
	<i>Total Restricted Accounts</i>	42,071	3,057,929	3,100,000
<i>Restricted Accounts - Debt Service</i>				
	Bond Debt interest	3,379,637	(P) 33,502	3,413,139
	Lease interest	12,808	(P) 2,543	15,351
	Bond principal	-	(Q) 3,275,404	3,275,404
	Lease principal	-	(Q) 134,430	134,430
	Trustee Fees	273,894	-	273,894
	<i>Total Restricted Accounts - Debt Service</i>	3,666,338	3,445,879	7,112,218
	TOTAL EXPENSES	\$ 15,442,207	\$ 3,828,496	\$ 19,270,703
	NET INCOME/(LOSS)	\$ 2,782,131	\$ (4,625,547)	\$ (1,843,416)

- (A) = Normalize Metered Sales (SEE DGB-3 & DGB-3A)
 (B) = Normalize Sales for Resale (SEE DGB-4)
 (C) = Normalize Fire Service (SEE DGB-5)
 (D) = Normalize Service Installations & Misc revenue (SEE DGB-6)
 (E) = Remove non-recurring revenues
 (F) = Normalize Customer Charges (SEE DGB-7)

**ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/09	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
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(G) = Remove interest income on restricted accounts

(H) = Remove Grant revenue and expenditures

(I) = Normalize State Surcharge Revenue (SEE DGB-8)

(J) = Remove non-recurring expenses

(K) = Added the capitalized labor to the test year

(L) = Removed expenses related to land acquisition funded by revenues already removed from rates.

(M) = Remove Depreciation

(N) = Removed all amortization expense

(O) = Increased the IFR expenditure to reflect the level granted in Docket 3945

(P) = Adjusted the Debt Service Interest expense level to reflect the amount granted in docket 3945 (SEE DGB-9)

(Q) = Added back to the test year bond and capitalized lease principal

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
 PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

	BUDGET ACCOUNT DESCRIPTION	FY 2006 ACTUAL REVENUES	FY 2007 ACTUAL REVENUES	FY 2008 ACTUAL REVENUES	FY 2009 ACTUAL REVENUES
REVENUE					
	Meter Sales	\$ 11,394,175	\$ 10,913,076	\$ 11,156,136	\$ 11,617,244
	Sales for Resale	1,280,363	1,616,333	1,814,510	1,415,766
	Public Fire Protection	1,027,952	1,219,100	1,207,891	926,873
	Private Fire Protection	392,432	470,544	499,820	451,192
	Penalties Water Account	71,302	85,128	92,709	168,522
	Service Installation & Service Fees	202,705	209,895	250,850	67,479
	Other Financing	-	-	(44,889)	-
	Customer Service Charge	1,829,707	1,733,330	1,732,103	1,977,502
	Misc. Revenue	-	45,448	1,131,640	70,497
	Gain (Loss) Disposal Property	1,498	-	-	987
	Non-Operating Rental Income	27,877	17,530	20,959	22,065
	Interest Income	8,906	10,365	5,954	253
	Interest Inc,- Restricted	760,750	1,117,008	1,001,370	607,490
	Grant Revenue	-	520,400	100,000	586,935
	Land Acquisition-WRB grant	108,219	497,574	-	-
	State Surcharge .01/100 Gallons	61,096	54,549	55,387	79,996
	Misc. Non Operating Revenue	28,576	67,325	13,487	231,537
	Earth Tech Reimb Revenue	-	-	-	-
	TOTAL REVENUE	\$ 17,195,556	\$ 18,577,605	\$ 19,037,928	\$ 18,224,337

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
 PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

	BUDGET ACCOUNT DESCRIPTION	FY 2006 ACTUAL EXPENSES	FY 2007 ACTUAL EXPENSES	FY 2008 ACTUAL EXPENSES	FY 2009 ACTUAL EXPENSES
EXPENSES					
<i>Source of Supply Expenses</i>					
	Salaries & Wages - (601)	\$ 153,710	\$ 156,667	\$ 141,613	\$ 119,412
	Salaries & Wages - Payroll Taxes	10,811	11,789	12,097	13,001
	Employee Pensions & Benefits (604)	34,152	46,779	34,540	41,938
	Purchased Power (Account 615)	26,850	18,947	25,263	24,682
	Materials and Supplies (Account 620)	1,853	2,501	2,079	2,328
	Transportation Expenses (Account 650)	6,146	8,592	13,262	3,960
	Miscellaneous Expense (Account 675)	334	104	65	706
	Security Service	67,597	65,571	67,524	80,815
	Education Training	165	245	255	512
	Maint of Misc Plant	16,778	62,073	66,551	73,043
	Lab Testing	-	-	3,070	3,460
	Other Utilities	1,053	2,053	2,202	2,438
	<i>Total Source of Supply Expenses</i>	319,449	375,321	368,522	366,295
<i>Purification Expenses</i>					
	Salaries & Wages - (601)	-	-	-	-
	Salaries & Wages - Payroll Taxes	-	-	-	-
	Purchased Power (Account 615)	662,291	557,025	922,772	1,299,586
	Chemicals (Account 618)	-	-	-	-
	Miscellaneous Expense (Account 675)	-	-	-	-
	Education Training	-	-	-	-
	Maint of Structures	-	-	-	-
	Maint of Collection Reservoirs	-	-	-	-
	Maint of Misc Plant	11,603	-	-	-
	Op & Maint DBO	1,198,277	1,236,302	1,359,316	1,401,732
	Other Utilities	(331)	(2,823)	8,738	8,172
	Lab Testing	-	-	-	-
	<i>Total Purification Expenses</i>	1,871,839	1,790,504	2,290,826	2,709,491
<i>Transmission & Distribution Expenses</i>					
	Salaries & Wages - (601)	776,116	733,837	763,262	773,648
	Salaries & Wages - [Engineering] (601)	146,152	90,147	332,814	208,664
	Salaries & Wages - Payroll Taxes -	65,489	61,534	64,356	66,292
	Salaries & Wages - Payroll Taxes - [Engineering]	28,366	30,845	30,976	28,572
	Salaries & Wages - Police Details	42,305	71,364	71,025	44,220
	Employee Pensions & Benefits - (604)	240,133	289,173	328,725	363,438
	Employee Pensions & Benefits - [Engineering] (604)	90,288	110,609	108,377	118,824
	Materials and Supplies - (Account 620)	38,485	35,466	36,042	36,005
	Materials and Supplies - [Engineering] (Account 620)	8,684	23,000	20,287	17,196
	Rental of Equipment (Account 642)	-	1,200	1,952	2,766
	Rental of Equipment - [Engineering] (Account 642)	182	2,497	680	680
	Transportation Expenses - (Account 650)	61,166	44,984	50,478	36,695
	Transportation Expenses - [Engineering] (Account 650)	11,538	10,242	12,773	8,090
	Workers Compensation	-	-	92,257	91,583
	Workers Compensation - [Engineering]	-	-	-	782
	Miscellaneous Expense - (Account 675)	5,841	3,534	5,537	10,239
	Miscellaneous Expense - [Engineering] (Account 675)	9,916	-	105	390
	Education Training	5,893	4,676	4,652	1,698

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
 PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

	BUDGET ACCOUNT DESCRIPTION	FY 2006 ACTUAL EXPENSES	FY 2007 ACTUAL EXPENSES	FY 2008 ACTUAL EXPENSES	FY 2009 ACTUAL EXPENSES
	Education Training - [Engineering]	2,388	3,549	3,059	602
	Repairs & Maintenance - general	1,934	4,575	3,348	3,180
	Repairs & Maintenance - transmission/dist	2,244	11,515	11,839	15,227
	<i>Transmission & Distribution Expenses (Continued)</i>				
	Repairs & Maintenance - fire services	-	-	-	2,429
	Repairs & Maintenance - services	-	100	1,981	11,723
	Repairs & Maintenance - Hydrants	215	(1,344)	(9,123)	8,428
	Road surface restoration	270,128	6,831	7,560	4,325
	Repairs & Maintenance - general	402	517	395	-
	Other Utilities	18,821	30,184	43,721	32,307
	Other Utilities - [Engineering]	7,860	7,070	7,711	6,378
	Lab Testing	-	-	8,417	13,127
	Printing	-	-	-	-
	Postage--[Engineering]	15	-	-	750
	<i>Total Transmission & Distribution Expenses</i>	1,834,563	1,576,105	2,003,205	1,908,257
	<i>Customer Account Expenses</i>				
	Salaries & Wages - [customer service] (601)	126,469	151,981	154,137	166,842
	Salaries & Wages -[meter] (601)	336,589	336,470	308,922	286,657
	Salaries & Wages - Payroll Taxes - [Customer Serv	9,594	11,688	11,954	12,456
	Salaries & Wages - Payroll Taxes - [Meter]	28,916	29,775	29,505	29,310
	Employee Pensions & Benefits - [Cust. Svc.] (604)	40,009	45,415	37,422	53,516
	Employee Pensions & Benefits - [Meter] (604)	134,171	141,699	169,844	175,506
	Materials and Supplies - [Cust. Svc.] (Account 620	3,585	2,067	1,526	2,446
	Materials and Supplies - [Meter] (Account 620)	10,757	8,808	8,125	6,990
	Contractual Services - Other - [Cust. Svc.] (Accou	15,313	14,841	14,129	15,278
	Rental of Equipment (Account 642)	-	-	498	498
	Workers Compensation	-	-	13,168	1,040
	Transportation Expenses - [Cust svc.] (Account 65	2,137	3,746	5,204	3,808
	Transportation Expenses - [Meter] (Account 650)	7,876	7,184	14,100	9,004
	Bad Debt Expense (Account 670)	(18,871)	67,727	(89,697)	6,885
	Miscellaneous Expense - [Cust. Svc.] (Account 67	130	20,308	245	306
	Miscellaneous Expense - [Meter] (Account 675)	463	136	531	641
	Education Training - [Cust. Svc.]	607	230	621	2,029
	Education Training - [Meter]	1,605	1,513	965	590
	Repairs & Maintenance - general	3,936	893	-	89
	Repairs & Maintenance - meters	798	2,531	1,305	-
	Other Utilities - [Cust. Svc.]	2,670	2,522	2,887	2,479
	Other Utilities - [Meter]	4,025	3,837	4,707	4,491
	Printing - [Cust. Svc.]	16,852	15,651	18,624	21,141
	Printing - [Meter]	33	357	-	-
	Postage--[Cust. Svc.]	31,528	33,478	29,909	33,593
	<i>Total Customer Account Expenses</i>	759,192	902,857	738,631	835,594
	<i>Administrative Expenses</i>				
	Salaries & Wages - (601)	601,949	489,948	593,732	663,308
	Salaries & Wages - Payroll Taxes	40,652	35,743	40,072	46,207
	Employee Pensions & Benefits (604)	256,969	335,304	352,599	397,790
	Materials and Supplies (Account 620)	52,398	51,644	67,453	35,904
	Contractual Services - Legal (Account 633)	7,443	68,726	76,550	77,487
	Contractual Services - Mgt. Fees (634) City Chg	165,364	179,410	186,777	197,281

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

	BUDGET ACCOUNT DESCRIPTION	FY 2006 ACTUAL EXPENSES	FY 2007 ACTUAL EXPENSES	FY 2008 ACTUAL EXPENSES	FY 2009 ACTUAL EXPENSES
	Contractual Services - Other (Account 635)	107,040	75,625	141,509	216,268
	Rental of Equipment (Account 642)	-	4,938	5,653	7,128
	Transportation Expenses (Account 650)	290	4,626	4,774	15,749
	Insurance - General Liability (Account 657)	135,192	141,453	140,884	192,883
	Insurance - Worker's Compensation (658)	37,836	59,588	5,869	14,600
	Insurance - Other (Account 659)	10,386	2,140	7,644	14,740
	<i>Administrative Expenses (Continued)</i>				
	Regulatory Com Expense - Other (667)	37,993	41,364	52,222	52,222
	Reg Com Exp - Amort of Rate Case Exp (666)	112,833	83,433	56,907	177,737
	Miscellaneous Expense (Account 675)	71,961	64,184	25,662	4,303
	Other -pba fees	-	-	-	-
	Education Training	6,158	4,726	8,927	4,879
	Maint of Misc Plant	49,779	34,196	35,814	30,215
	Other Utilities	38,468	45,204	66,271	98,008
	Printing	21,014	18,143	24,629	9,140
	Postage	3,394	151	799	7,288
	<i>Total Administrative Expenses</i>	1,757,118	1,740,547	1,894,746	2,263,139
	<i>Other Miscellaneous Expenses</i>				
	Depreciation expense	1,089,785	1,157,283	1,376,049	2,512,338
	Amortization	342,511	342,511	342,511	342,511
	Property taxes	817,933	844,205	449,946	796,171
	<i>Total Other Miscellaneous Expenses</i>	2,250,229	2,343,999	2,168,507	3,651,020
	<i>Restricted Accounts</i>				
	Grant Expenditures - Consulting	127,884	-	-	-
	IFR Expenditures	76,040	77,898	60,397	42,071
	RIWRB Grant - Land Acquisition	-	-	-	-
	Earth Tech Reimb. - Consulting Expenditures	24,056	-	-	-
	<i>Total Restricted Accounts</i>	227,981	77,898	60,397	42,071
	<i>Restricted Accounts - Debt Service</i>				
	Bond Debt interest	2,882,213	3,247,799	3,392,703	3,379,637
	Lease interest	3,382	1,207	7,822	12,808
	Bond principal	-	-	-	-
	Lease principal	-	-	-	-
	Trustee Fees	227,306	308,657	360,398	273,894
	<i>Total Restricted Accounts - Debt Service</i>	3,112,901	3,557,663	3,760,924	3,666,338
	TOTAL EXPENSES	\$ 12,133,271	\$ 12,364,892	\$ 13,285,757	\$ 15,442,207
	NET INCOME/(LOSS)	\$ 5,062,285	\$ 6,212,713	\$ 5,752,171	\$ 2,782,131

REVENUE ANALYSIS--METERED SALES REVENUE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-3

	<u>Test Year Consumption</u>	<u>Docket 3945 Rates</u>	<u>Test Year Revenue</u>
Small 5/8", 3/4" & 1"	2,773,813	3.459	9,594,619
Med 1-1/2" & 2"	640,780	3.251	2,083,176
Large 3", 4", 6" & Above	265,983	3.140	835,187
 Total Adjusted Test Year Metered Sales Revenue			 12,512,982
 Total FY 2009 Metered Sales Revenue			 <u>11,617,244</u>
 Test Year Adjustment			 <u><u>\$ 895,738</u></u>

	<u>Cycles 1-6 & 12</u>	<u>Cycles 7 & 11</u>	<u>All Cycles</u>
Small 5/8", 3/4" & 1"	2,681,400	92,413	2,773,813
Med 1-1/2" & 2"	126,803	513,977	640,780
Large 3", 4", 6" & Above	<u>-</u>	<u>265,983</u>	<u>265,983</u>
Total	<u><u>2,808,203</u></u>	<u><u>872,373</u></u>	<u><u>3,680,576</u></u>

REVENUE ANALYSIS--METERED SALES REVENUE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-3A

Consumption History Cycles 1-6 & 12 Residential

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Average Yearly Trend	Test Year
Small 5/8", 3/4" & 1"	2,991,934	2,991,054	2,996,684	2,782,513	2,837,162	2,681,400	-2%	2,681,400
Yearly percentage Inc/(Dec)		0%		0%	-7%	2%	-5%	
Cumulative percentage Inc/(Dec)							-11%	
Med 1-1/2" & 2"	98,069	101,848	109,829	104,006	148,091	126,803	7%	126,803
Yearly percentage Inc/(Dec)		4%		8%	-5%	42%	-14%	
Cumulative percentage Inc/(Dec)							34%	
Large 3", 4", 6" & Above	-	-	-	-	1,850	-	0%	-
Yearly percentage Inc/(Dec)		0%		0%	0%	0%	0%	
Cumulative percentage Inc/(Dec)							0%	
Total Residential	3,090,003	3,092,902	3,106,513	2,886,519	2,987,103	2,808,203		2,808,203

Consumption History Cycle 7 & 11 Commercial

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Average Yearly Trend	Test Year
Small 5/8", 3/4" & 1"	111,715	120,900	107,110	101,363	90,808	92,413	-3%	92,413
Yearly percentage Inc/(Dec)		8%	-11%	-11%	-5%	-11%	2%	
Cumulative percentage Inc/(Dec)							-17%	
Med 1-1/2" & 2"	672,576	637,335	616,348	537,269	524,596	513,977	-5%	513,977
Yearly percentage Inc/(Dec)		-5%		-3%	-13%	-2%	-2%	
Cumulative percentage Inc/(Dec)							-26%	
Large 3", 4", 6" & Above	677,607	524,493	415,228	342,742	343,905	265,983	-17%	265,983
Yearly percentage Inc/(Dec)		-23%		-21%	-17%	0%	-23%	
Cumulative percentage Inc/(Dec)							-83%	
Total Commercial	1,461,898	1,282,728	1,138,686	981,374	959,109	872,373		872,373
Total Retail	4,551,901	4,375,630	4,245,199	3,867,893	3,946,212	3,680,576		3,680,576

REVENUE ANALYSIS--WHOLESALE REVENUE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-4

Consumption History

FY 04	607,116
FY 05	686,462
FY 06	590,875
FY 07	724,925
FY 08	822,591
FY 09	578,899
	<u>4,010,868</u>

6 year average 668,478

	<u>Test Year Consumption</u>	<u>Docket 3945 Rates</u>	<u>Test Year Revenue</u>
Cumberland	578,899	\$ 2.5900	
<i>Total Adjusted Test Year Wholesale Revenue</i>			\$ 1,499,348
<i>Total FY 2009 Wholesale Revenue</i>			<u>1,415,766</u>
<i>Test Year Adjustment</i>			<u><u>\$ 83,583</u></u>

REVENUE ANALYSIS--PUBLIC & PRIVATE FIRE SERVICE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-5

Number of Services	Service Size	Docket 3945 Rates	Test Year Revenue
Public Fire			
1518 Hydrants(Pawt)	\$	337.25	\$ 511,946
203 Hydrants(CF)		337.25	68,462
197 Hydrants(Valley)		337.25	66,438
Total Adjusted Test Year Public Fire Revenue			\$ 646,846
Total FY 2009 Public Fire Revenue			926,873
Test Year Adjustment (C)			\$ (280,028)
Private Fire			
26	2" service	\$ 125.42	\$ 3,261
49	4" service	254.33	12,462
392	6" service	640.81	251,198
90	8" service	1,131.52	101,837
4	10" service	1,597.19	6,389
2	12" service	2,242.58	4,485
Total Adjusted Test Year Private Fire Revenue			\$ 379,631
Total FY 2009 Private Fire Revenue			451,192
Test Year Adjustment (C)			\$ (71,560)

Schedule DGB-6

Test Year Adjustment (D)	\$	-
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REVENUE ANALYSIS--CUSTOMER CHARGE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-7

Customer Charge:

Meter Size	Number of Meters	Bills per Year	Docket 3945 Rates	Test Year Revenue
Quarterly Billings				
5/8"	21,516	4	18.72	\$ 1,611,118
3/4"	255	4	24.07	24,551
1"	487	4	32.59	63,485
1 1/2"	222	4	61.33	54,461
2"	356	4	78.18	111,328
3"	12	4	88.09	4,228
4"	6	4	199.07	4,778
6"	1	4	296.19	1,185
8"	-		421.05	-
Monthly Billings				
5/8"	11	12	9.47	1,250
3/4"	4	12	11.26	540
1"	11	12	14.1	1,861
1 1/2"	5	12	23.68	1,421
2"	43	12	29.29	15,114
3"	12	12	32.59	4,693
4"	6	12	69.59	5,010
6"	5	12	101.96	6,118
8"	-	12	143.58	-
	<u>22,952</u>			
Total Adjusted Test Year Customer Charge Revenue				\$ 1,911,142
Total FY 2009 Customer Charge Revenue				<u>1,977,502</u>
Test Year Adjustment (F)				<u>\$ (66,360)</u>

REVENUE ANALYSIS--SURCHARGE REVENUE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-8

	Test Year	Percent Subject to surcharge	Consumption net of Elderly Exemption	Surcharge Revenue portion	Surcharge Revenue
Small 5/8", 3/4" & 1" - Residential	2,625,015	92.0%	2,415,014	\$ 0.01511	\$ 36,490
Small 5/8", 3/4" & 1" - Commercial	89,240	100.0%	89,240	0.01511	1,348
Med 1-1/2" & 2"	623,038	100.0%	623,038	0.01511	9,414
Large 3", 4" & 6"	221,721	100%	221,721	0.01511	3,350
	<u>3,559,014</u>				
Total Adjusted Test Year Surcharge Revenue					\$ 50,602
Total FY 2009 Surcharge Revenue					<u>79,996</u>
Test Year Adjustment (I)					<u>\$ (29,394)</u>

EXPENSE ANALYSIS--ADDITIONAL
RESTRICTED DEBT SERVICE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-9

Debt Service approved Docket 3945		\$ 6,688,543
305-9510-652.84-10	Bond Debt interest	(46,740)
305-9510-652.84-20	Bond Rev 2003 A interest	(967,000)
305-9510-652.84-25	Bond Rev 2003 B interest	(459,300)
305-9510-652.84-30	Bond Rev 2004 A interest	(1,003,649)
305-9510-652.84-40	Bond Rev 2005 A interest	(902,948)
	Bond principal	<u>(3,275,404)</u>

Total Adjusted Test Year Additional Restricted Debt Service \$ 33,502

Total FY 2009 Additional Restricted Debt Service -

Test Year Adjustment (P) \$ 33,502

Adjusted Test Year Bond Interest	\$ 3,413,139	
Adjusted Test Year Bond Principal	3,275,404	Test Year Adjustment (Q)
Debt Service approved Docket 3945	<u>\$ 6,688,543</u>	

Capital Leases approved Docket 3945		\$ 149,781
305-9510-652.86-10	Lease interest	(12,808)
300-9510-652.86-20	Lease principal	<u>(134,430)</u>

Total Adjusted Test Year Additional Restricted Capital Leases \$ 2,543

Total FY 2009 Additional Restricted Capital Leases -

Test Year Adjustment (P) \$ 2,543

Adjusted Test Year Lease Interest	\$ 15,351	
Adjusted Test Year Lease Principal	134,430	Test Year Adjustment (Q)
Capital Leases approved Docket 3945	<u>\$ 149,781</u>	